ARGENTINA SINCE INDEPENDENCE

edited by

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Published by the Press Syndicate of the University of Cambridge The Pitt Building, Trumpington Street, Cambridge CB2 1RP 40 West 20th Street, New York, NY 10011-4211, USA 10 Stamford Road, Oakleigh, Victoria 3166, Australia

The contents of this book were previously published as parts of volumes III, V, and VIII of The Cambridge History of Latin America, © Cambridge University Press, 1985, 1986 and 1991.

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First published 1993

Library of Congress Cataloging-in-Publication Data

Argentina since independence / edited by Leslie Bethell.

p. cm.

"Previously published as parts of volumes III, V, and VIII of the Cambridge history of Latin America, Cambridge University Press, 1985, 1986, and 1991" – CIP t.p. verso.

Includes bibliographical references and index.

ISBN 0-521-43376-2 (hard). - ISBN 0-521-43988-4 (pbk.)

 Argentina – History – 1810 – I. Bethell, Leslie. II. Cambridge history of Latin America.

F2843.A67 1993

982'.04-dc20 92-26994

CIP

A catalog record for this book is available from the British Library.

ISBN 0-521-43376-2 hardback ISBN 0-521-43988-4 paperback

Transferred to digital printing 2002

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FROM INDEPENDENCE TO NATIONAL ORGANIZATION

Argentina became independent in the second decade of the nineteenth century with few of the assets considered essential in a Latin American state. It had minerals but no mines, land but little labour, commerce but few commodities. The economy of Buenos Aires emerged from its colonial past not as a primary producer but as a pure entrepôt. The merchants of Buenos Aires made their profits not by exporting the products of the country but by importing consumer goods for a market stretching from the Atlantic to the Andes, in exchange for precious metals which had been produced or earned in Potosí. The city's rural hinterland was little developed. At the time of independence pastoral products accounted for only 20 per cent of the total exports of Buenos Aires; the other 80 per cent was silver. Until about 1815-20 land exploitation continued to be a secondary activity, and cattle estates were few in number and small in size. As for agriculture, it was confined to a few farms on the outskirts of towns, producing barely enough for the urban market.

Independence altered this primitive economy. First, the merchants of Buenos Aires were squeezed out by foreigners. With their superior resources, their capital, shipping and contacts in Europe, the British took over the entrepreneurial role previously filled by Spaniards. Unable to compete with the newcomers, local businessmen sought outlets in land and cattle. Then the province of Buenos Aires, hitherto a poor neighbour of richer cattle areas, profited from the misfortunes of its rivals. In the years after 1813 Santa Fe, Entre Ríos and Corrientes were devastated by wars of secession, while the other rich pastoral zone, the Banda Oriental, was ruined by revolution, counter-revolution and the Portuguese invasion of 1816. Buenos Aries took advantage of this opportunity, and those with capital found good returns in cattle ranching. Pasture began to

expand at the expense of arable farming, the province increased its export of cattle products, and soon it came to rely upon imported grain. Finally, the trade of Buenos Aires with the interior diminished. This had always depended upon the interior's ability to earn silver from the sale of its products in the mining economies. But the competition of British imports depressed the rural and artisan industries of the interior at a time when war and secession were removing established markets in Chile and Upper Peru.

The conjuncture of British competition, the ravages of war and the decline of the interior rendered the traditional economy of Buenos Aires incapable of sustaining the ruling groups. They began, therefore, to diversify their interests, to acquire estancias, to establish a rural base. Land was plentiful, the soil was rich and deep, and there was normally a good supply of surface water on the pampas. The greatest danger lay on the frontier, and the frontier was uncomfortably close. The Pampa Indians, immediately to the south and west of the Río Salado, were the fiercest of all the Indians of the plains. Irredeemably savage, they lived and fought on horseback, a mobile and elusive enemy, handling the lance and the bola with supreme skill in their swift raids against settlements, estancias, personnel and property. The expansion of the estancias from 1815 was a disaster for the Indians. Settlers began to occupy their hunting grounds to the south of the Salado, and they retaliated by increasing their raids and enlarging their plunder. They were often joined by vagrant gauchos, deserters from the army, delinquents fleeing the justices of the peace, refugees from social or political conflicts; and their alliance was sometimes invoked in the civil wars of the time by one side or another. The new estancieros wanted law and order in the pampas and peace on the frontier. They also sought security of tenure.

From 1822 Bernardino Rivadavia, the modernizing minister in the provincial government of Martín Rodríguez, introduced the system of emphyteusis. Authority was given to rent public land (the sale of which was prohibited) to individuals and corporations for twenty years at fixed and extremely low rentals; the applicant simply had to measure and claim a chosen area. This simultaneously put land to productive use, especially the immense reserves of land on the expanding southern frontier, and satisfied the land hunger of prosperous families. The system favoured latifundism and land concentration. There was no limit to the area which the landowner might rent; he was then free to sell his rights and to sublet; and the commissions which determined land values and administered

distribution were dominated by estancieros. From 1824 to 1827 a number of enormous grants were made, some individuals receiving over 10 square leagues each (66,710 acres). By 1828 almost 1,000 square leagues (over 6½ million acres) had been granted to 112 people and companies, of whom ten received more than 130,000 acres each. By the 1830s some 21 million acres of public land had been transferred to 500 individuals, many of them wealthy recruits from urban society, like the Anchorena, Santa Coloma, Alzaga and Sáenz Valiente families, the founders of Argentina's landed oligarchy.

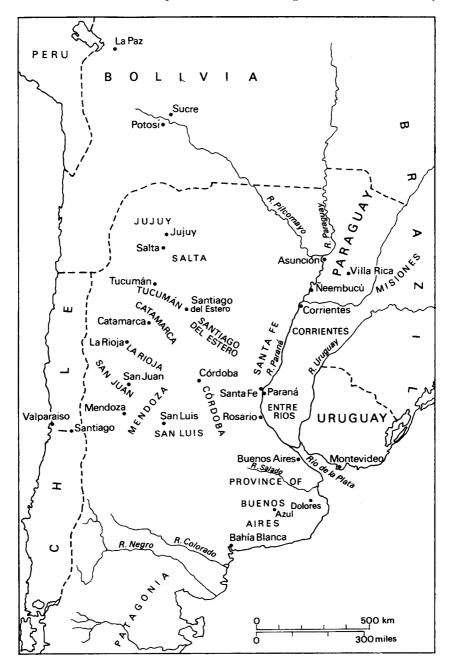
As the pastoral economy entered a period of growth, expansion was extensive rather than intensive, for it was land, not capital, which was abundant, and there was as yet no technical innovation, no attempt to improve stock or modernize production. The number of cattle and the size of estates were all that counted. But there came a time when the pressure on grazing land and the shortage of further emphyteusis land brought the livestock sector to the limits of profitable expansion. Ranchers were pushing south once more into Indian territory in search of cheap and empty land. Government action was needed to occupy new territory and to protect it. While Rivadavia had been active in allocating land, he had done little for rural order or frontier security. Juan Manuel de Rosas, a pioneer on the southern frontier, owner of vast estates, lord of numerous peons, a militia commander who could parley with the Indians and frighten the politicians, and governor of Buenos Aires from 1829, stood for a policy of expansion and settlement and took a number of positive steps to improve the security of landholding. He organized and led the Desert Expedition of 1833 to the Río Colorado and the Río Negro, with the object of containing Indian aggression, expanding the frontier and imposing an enduring peace. His policy included diplomacy as well as force, presents as well as punishment. And it succeeded, adding to the province of Buenos Aires thousands of square miles, not desert, but land watered by great rivers. Rewards were instantaneous. The provincial government transferred large tracts of the new land to private hands in the years following 1833, especially to the senior officers of the expeditionary force itself. And as the settlers pushed southwards, they encroached once more on Indian hunting grounds. But now, in the 1840s, they were viewed by the Indians with more respect, partly because of the military reputation of Rosas, partly because of the policy of pacification by subsidy.

Rosas also introduced important and permanent modifications to the

legal structure of landholding. There were three methods of land acquisition - rent, purchase and grant. Emphyteusis had now outlived its usefulness. It had facilitated land exploitation (and land concentration), but the state had profited hardly at all, for the rent was minimal. Rosas therefore decided to sell public land outright and to receive a specific revenue when he needed it. Laws of land sale in 1836-8 placed vast tracts of land on the open market. Most of it obviously went to the wealthy, the powerful, the favoured; and the names of the large purchasers were almost identical with those of the large tenants under emphyteusis, the Anchorena, Díaz Vélez, Alzaga and Arana. By 1840 3,436 square leagues (20,616,000 acres) of the province were in the possession of 293 people. Yet there was not a rush to buy land, and many would-be purchasers were deterred, either by economic recession, as during the French blockade of 1838-40, or by political insecurity. As an alternative to selling land, therefore, Rosas gave it away. Generous land grants were made to supporters of the regime, to the military who fought its wars or crushed its rebels, to bureaucrats and to favourites. Land became almost a currency and sometimes a wages and pensions fund. It was the ultimate source of patronage and, when confiscated, a terrible punishment.

By the 1840s the great plains of Buenos Aires were divided into well-stocked estancias and supported some 3 million head of cattle, the prime wealth of the province and the source of an export economy. They were animals of inferior grade, raised in the open range under the care of a few herdsmen; but they yielded hides and salt meat, and that was what the market demanded.

The estancia had to sell its products in Buenos Aires and beyond, but the infrastructure of the province was even more primitive than the estates which it served. This was a country without roads or bridges, and with tracks only on the main routes. Almost everything was done and supplied from horseback, and horses were as important a product of the estancia as cattle. Horses carried gauchos across the plains and armies into battle. Fishermen fished in the river on horseback; beggars even begged on horseback. But the chief method of freight transport were bullock carts, made in the workshops of Tucumán and led by hard-bitten drivers operating chiefly along the two high roads which traversed Argentina, one from Buenos Aires through San Luis and Mendoza to Chile, the other from Buenos Aires via Córdoba, Santiago, Tucumán, Salta and Jujuy to Bolivia. They travelled in trains of some fourteen carts, each drawn by six oxen with three spare, moving slowly across pampas and



Argentina, 1820-70

hills in journeys of weeks and months. Freight charges were high, £20 a ton including provincial duties, and transport alone accounted for 40 or even 50 per cent of first cost. Cattle were much easier to move than goods, being driven rapidly by expert herdsmen from ranch to port.

The principal outlet of the estancia was the saladero. These were large establishments, where cattle were slaughtered, tallow extracted, flesh salted and dried and hides prepared for export. They opened in Buenos Aires in 1810, were closed in 1817 as the alleged cause of an urban meat shortage, but began to operate again from 1819 and to proliferate at the southern approaches to the city. By the mid-1820s there were about twenty saladeros; they now consumed more animals than the urban slaughter-houses, exporting their hides to Europe and their jerked beef to Brazil and Cuba. The saladero represented the only technical improvement in the livestock economy. By the 1840s, while the number of plants operating in and around Buenos Aires was still only twenty, their output had grown enormously and each slaughtered some 200 to 400 animals a day during the season. The saladero constituted a sizeable investment in plant, steaming apparatus and other equipment; most belonged to associations rather than to individuals, and many foreigners had capital in the industry. They were an integral part of the estancia system, managed by experts, supplied by ranchers, favoured by the government. The export of jerked beef rose from 113,404 quintals in 1835, to 198,046 in 1841, to 431,873 in 1851.

The state favoured cattle-breeders at the expense of small farmers, and the country depended ultimately on imported grain. In an age of capital scarcity, inferior technology and labour shortage, it was realistic to concentrate on pastoral farming, to realize the country's natural assets and to promote its most successful exports, even if it meant diverting resources from worthy though less profitable enterprises. The economic policy of Rivadavia was to subsidize immigration and rely on a fertile soil and market forces. But the agricultural colonization schemes of the 1820s failed through lack of capital, organization and security, in contrast to the great estancia expansion with its own internal dynamism. In any case agriculture was subject to particular obstacles and required special treatment. Labour was scarce and expensive, methods were primitive, and yield was low. The high cost of transport forced farmers to move nearer to cities where land prices were higher; and there was always competition from foreign grain. So agriculture needed capital and protection: at this point governments hesitated, fearful of causing dearer

food and losing popular support. From independence to 1825 a low-tariff policy prevailed, in favour of consumer and export interests, and in spite of farmers' complaints. But farmers were not the only critics of free trade.

The littoral provinces and those of the interior differed from Buenos Aires in a number of ways. In the first place they were less prosperous. The wars of independence and the subsequent civil wars damaged the economies of the littoral provinces - Santa Fe, Entre Ríos and Corrientes - and retarded their development. When at last they began to recover, they found Buenos Aires dominant, resolved to monoplize trade and navigation – and the customs revenue therefrom – and to dictate a policy of free trade. The negotiations for a federal pact between the provinces, therefore, were marked by bitter debates over economic policy. In the course of 1830 Pedro Ferré, representative of Corrientes and leader of the protectionist movement in the littoral, demanded not only nationalization of the customs revenue and free navigation of the rivers, but also a revision of the tariff policies of Buenos Aires. José María Rojas y Patrón, the Buenos Aires delegate, argued in reply that protection hurt the consumer without really helping the producer; if domestic industries were not competitive, nor capable of suppling the nation's needs, no amount of protection could save them. The pastoral economy depended upon cheap land, cheap money and a constant demand for hides in foreign markets. Protection would raise prices, raise costs and damage the export trade; then the mass of the people would suffer, for the sake of a small minority outside the cattle economy. Ferré rejected these arguments, denounced free competition, demanded protection for native industries against more cheaply produced foreign goods and called also for the opening of other ports than Buenos Aires to direct foreign trade, thus cutting distances and transport costs for the provinces. Only in this way would the littoral and the interior develop their economies, save existing investments and reduce unemployment. Buenos Aires refused to yield and the Pact of the Littoral (1831) was concluded without Corrientes, though it subsequently adhered to it. The fact that Corrientes took the lead in demanding protection was not a coincidence. In addition to cattle ranches it had a vital agricultural sector producing cotton, tobacco and other subtropical products, the expansion of which needed protection against Paraguayan and still more Brazilian competition. But during the first government of Rosas (1829-32) fiscal policy was designed primarily to serve the cattle industry of Buenos Aires. The changes

proposed in 1831 – reduced tax on salt and on transport of cattle to the city – were only meant to protect the *saladero* industry, which claimed that it was suffering from competition from Montevideo and Rio Grande do Sul. In 1833 duties on the export of hides were reduced, and the tax on salt carried in national vessels from southern provinces was abolished. But *porteño* farming, the products of the littoral and the industries of the interior, these did not receive special treatment.

The economy of the interior – the mid-west and the west – was isolated to some degree from the direct impact of independence and suffered less than the littoral from civil wars and devastation. For a few years, it is true, the north-west frontier was a war zone, and the traditional links with the markets of Upper Peru and Chile were temporarily broken. But from 1817 the Chilean economy began to function again, stimulated now by a more active overseas trade. The Argentine west was re-incorporated into the trans-Andean market, exporting mules to the mining zone, cattle to the saladeros and the consumers of the towns, together with other Andean products such as fruits and wines. These outlets were opportune, for after independence the competition of European wines virtually closed the east-coast market to those of Mendoza. Salta was little more than a subsistence economy, though it still fattened mules for export outside the province. Tucumán continued to produce rice and tobacco, and to manufacture sugar, aguardiente and tanned leather. But the province was a high-cost producer and situated too far from its markets to compete, for example, with Brazilian sugar. The Andean mines, too, were outside the economy. La Rioja's gold, silver, copper and iron, San Juan's gold, silver and lead, Mendoza's gold, all were dormant assets. Rivadavia's dream of mining development through British capital was never realized. Their utter remoteness, great scarcity of labour, deficient technology and almost complete lack of transport to the coast made Argentine mines too high in cost and low in yield to warrant investment. The 'industries of the interior', therefore, consisted of little more than textiles, wine and grain, none of which, in the opinion of Buenos Aires, were worth protecting.

Yet there was a protectionist interest in Buenos Aires, sometimes voiced in the assembly, sometimes expressed in public debate, which demanded measures to safeguard national industry as well as agriculture. These opinions reflected variously the anxiety of certain manufacturing enterprises, a latent but powerful resentment of foreigners, and a kind of grass-roots federalism; but representing as they did diverse minorities and interest groups rather than a broad united front, they hardly

amounted to economic nationalism. Buenos Aires had a small industrial sector consisting of textile manufacturers, silversmiths, harness-makers and blacksmiths. They supplied local and lower-class needs, and sometimes the demands of the state; indeed war kept many of them in business, for it brought orders for uniforms, equipment and hardware. In 1831 Buenos Aires contained 94 leather workshops, 83 carpenters' workshops, 47 forges and iron-works and 42 silversmiths. These were mainly artisan industries but the beginnings of a factory system could be seen, some manufacturers employing a number of workers in one place, with specialization and use of machinery; this applied to textiles, hat-making, furniture and a few other activities. Few of these enterprises could compete in price and quality with foreign imports, and they constantly pressed for state intervention in their favour. In January 1836, for example, the shoe-makers of Buenos Aires petitioned the government to prohibit the import of foreign shoes, on the grounds that they could not compete with foreign manufacturers, whose low production costs, cheaper raw materials, abundant labour and modern machinery gave them an overwhelming advantage. The estancieros, on the other hand, including Rosas and the Anchorena, preferred free trade to protection on grounds of economic interest and in favour of the export-orientated livestock sector. They were supported by those who opposed state intervention on principle and argued that industry would only flourish when it was qualified to do so, that national manufactures which could not compete in price and quality with foreign imports were not worth protecting. The historian and journalist, Pedro de Angelis, one of the more enlightened spokesmen for the Rosas regime, strongly attacked the idea of giving protection to the provincial wine industry and the porteño shoe industry, on the grounds that protection would raise prices for the mass of consumers, and divert to industry labourers who would be better employed in the agrarian sector.

Nevertheless, concern for the adverse balance of payments was sufficient to keep the protectionist lobby alive, and in due course Rosas heeded the case for intervention. In the Customs Law of December 1835 he introduced higher import duties. From a basic import duty of 17 per cent, the tariff moved upwards, giving greater protection to more vulnerable products, until it reached a point of prohibiting the import of a large number of articles such as textiles, hardware and, depending on the domestic price, wheat. Rosas thus sought to give positive assistance to arable agriculture and the manufacturing industries.

Why did he do it? Did he really believe that Argentina could become

more self-sufficient in industry? Was he convinced that his regime could decrease its dependence on foreign imports, resist foreign competition, and tolerate the higher living costs? Or did he act under political constraint, a need to widen the social base of his regime? There appeared to be no reason why, in 1835–6, Rosas required the support of popular or middle groups. The regime was based firmly on the estancieros, who remained the dominant interest in the province and the closest allies of the government. The objectives of Rosas seem to have been to sustain the existing economic structure, while protecting those minority groups who suffered most from it. The tariff of 1835, therefore, was designed to relieve distress in the industrial and farming sectors, without subverting the livestock export economy. At the same time the law had a strong inter-provincial content; it was intended to make the federalist policy credible by giving protection to the provinces as well as to Buenos Aires.

In the event national industries, porteño as well as provincial, failed to respond to the protection given by the customs law and the French blockade. Even under the most favourable conditions, when they could take advantage of rising scarcity prices, local manufactures proved unable to satisfy the needs of the country. If existing industries failed to expand, there was little incentive to risk scarce capital in new enterprises. The government could not afford to continue placing undue burdens on consumers, and Rosas began to have second thoughts about protection. In 1838 import duties were reduced by one-third to minimize the effects of the French blockade (see below). Then, claiming the need to procure new revenues and pointing to the shortage of certain articles, Rosas decided (31 December 1841) to allow the entry of a large list of goods previously prohibited. The argument for free trade had been proved correct: national production had not been able to take advantage of protection, the tariff had merely caused shortages and high prices, and the principal victims were the consumers and the treasury. Rosas himself appears to have lost faith in protection, which meant in effect giving artificial respiration to the weakest sector of the economy, while strangling the stronger. Very few people would have thanked him for that. Industry therefore remained on the margin of economic life confined to workshops and artisans. When the Englishman Charles Mansfield visited the River Plate in 1852-3, he travelled like a walking advertisement for British goods: his white cotton poncho, bought in Corrientes, was made in Manchester; his electro-plated spurs, bought in Buenos Aires, were made in Birmingham. The bias towards an agropecuarian economy reflected the social structure as well as economic conditions. The upper groups preferred imported manufactures, while the rest of the population did not form a consumer market for a national industry. There were few freedoms in Buenos Aires under Rosas, but free trade was one of them.

Buenos Aires lived by foreign trade, and its expanding estancias depended on foreign markets. In the early years after independence there was a sizeable trade gap, as exports of precious metals fell and imports of consumer goods rose, and it took two decades for livestock exports to redress the balance. In 1829 and 1832 there was still a large excess of imports over exports, and the difference had to be met by exporting specie. The result was a shortage of currency at home and its replacement by ever larger issues of paper money. The medium of international trade was letters of credit drawn on the London exchange, and British merchants came to dominate the financial market of Buenos Aires. The essential link was the trade in textiles from Britain against hides from Argentina, a trade which underwent steady if unspectacular growth, except during the years of blockade, in 1838-9 and 1845-6, when it suffered a sharp drop. From 1822 to 1837 exports from Buenos Aires rose in value from about £700,000 to £1 million; from 1837 to 1851 they doubled in value to £2 million a year. Hides formed the bulk of these exports. There was an average annual export of 798,564 cattle hides from Buenos Aires in the 1830s; 2,303,910 in the 1840s. In 1836 hides amounted to 68.4 per cent of the total value of exports from Buenos Aires; in 1851 they amounted to 64.9 per cent. If jerked beef and other cattle products are added to hides, then the livestock industry contributed 82.8 per cent of total exports in 1836, 78 per cent in 1851. The basic cause of export growth was the incorporation of more land into the economy, especially the expansion of the southern frontier after the Desert Campaign of 1833; the province of Buenos Aires now produced about two-thirds of all hides exported from the littoral provinces. A secondary cause was the blockade of Buenos Aires by foreign powers, which helped to increase the cattle stock by temporarily stopping shipment of hides, thus leaving the cattle to multiply in the pampas.

Meanwhile imports into Buenos Aires rose from a total of £1.5 million in 1825 to £2.1 million in 1850, an increase which was probably even greater in quantity than in value, owing to the falling price of manufactured goods in Europe. There was very little saving or capital accumulation. Imports of luxury and consumer goods used up any surplus capital

which might otherwise have been invested. Pianos, clocks, jewelry and precious stones comprised 10 per cent of imports. Consumer goods of a luxury kind – furniture and hardware, clothes and shoes – for the quality market amounted to 32 per cent. Thus almost half of the imports were manufactured goods for the upper end of the market. Industrial raw materials such as coal, iron and other metals accounted for only 3 per cent of imports, an indication of the small degree of industrialization, the absence of technology and the low level of artisan employment.

Argentina was already developing close economic ties with Britain. In the early years of the republic British shippers carried 60 per cent of the trade in and out of Buenos Aires; by mid-century, with competition growing, British shipping in Buenos Aires was 25 per cent of the total. Most of the trade went to Britain (322 vessels and 22.8 per cent of tonnage in 1849-51) and the United States (253 vessels and 21.6 per cent), though this still left a substantial portion of trade (33 per cent) to less developed countries, Cuba, Brazil, Italy and Spain. The value of British trade to Argentina did not rise spectacularly in the first half of the nineteenth century. The average annual exports in the period 1822-5 were between £,700,000 and £,800,000 sterling. In 1850 the value of British exports to Argentina was still about £,900,000. Yet in spite of the growing competition, the value of British trade to the River Plate up to 1837 exceeded that of all foreign countries put together; and even in 1850 it was not far short of this. Argentina relied upon British manufactures, British shipping, British markets, but it did not yet need - could not yet use - British capital and technology, it made its own economic decisions, and its independence was never in doubt. And by mid-century it was already moving towards a better balance of trade as the British market consumed more of its raw materials.

The structure of society was simple and its scale was small. Argentina, a land full of cattle, was empty of people, and its one million square miles of territory contained in 1820 a population about one-third that of contemporary London. Yet Argentina underwent steady demographic growth in the half-century after independence, from 507,951 inhabitants in 1816, to 570,000 in 1825, 1,180,000 in 1857 and 1,736,923 in 1869. In the thirty-two years from 1825 to 1857 the population roughly doubled itself. Growth was due essentially to a fall in the mortality rate: at a time when economic conditions were improving, there was no major epidemic, and the great outbreaks of cholera and yellow fever were yet to come. There

was only moderate immigration in this period, though a number of Basques, French, Canarians, Italians and British entered Buenos Aires in the 1840s, once the blockades were over. The greatest population upswing was registered in the littoral provinces, which increased their share of the total from 36 per cent in 1800 to 48.8 per cent in 1869. Buenos Aires and Córdoba had over one-third of the total. Buenos Aires was an insanitary and pestilential city, without amenities, without drainage, without even a pure water supply. But it grew in numbers from 55,416 in 1822 to 177,787 in 1869, while the total of city and province combined grew from 118,646 to 495,107 in the same period.

Society was rooted in land. It was the large estancia which conferred status and imposed subordination. Estancieros or their clients dominated the administration, the house of representatives, local government and the militia. The polarization of society was absolute. There was an upper class of landowners and their associates, and a lower class comprising the rest of the population. Some social margins, it is true, were blurred. Commerce was economically important and socially respectable, and it provided the original fortunes of some of the leading families of Argentina such as the Anchorena, the Alzaga and the Santa Coloma. But the urban elite of the early nineteenth century did not acquire a separate identity or become an independent middle class. Faced with insistent British competition in the years after independence, local businessmen began to divert their capital into land and without abandoning their urban occupations to become estancieros and identify themselves with a new aristocracy. Meanwhile there were no others to fill the middle ranks. The entrepreneurial function came to be exercised by foreigners: British businessmen soon dominated commercial activities, while European immigrants went into artisan occupations, supplementing the roles of local craftsmen. But whereas socially the creole merchants moved upwards into the landed aristocracy, the artisans and manufacturers merged unmistakably into the lower sectors, branded by their manual occupations which were often filled by coloured people.

If there was little prospect of a native middle sector in the towns, there was even less likelihood of finding one in the countryside, where a great gulf separated the landed proprietor from the landless peon. The homogeneity of the landed class was not absolute. While some *estancieros* were owners of truly immense properties, others possessed relatively modest estates. The former were often capitalists of urban origin with some education and aspirations to higher standards of living. The latter were